

REPORT TO: CABINET MEMBER - CORPORATE SERVICES

DATE: 14th October 2009

SUBJECT: CAR MILEAGE ALLOWANCES

WARDS AFFECTED: All

REPORT OF: PERSONNEL DIRECTOR

CONTACT OFFICER: MARTIN MURPHY
PRINCIPAL HR MANAGER

EXEMPT/CONFIDENTIAL: No

PURPOSE/SUMMARY:

- (i) To secure the formal approval of the Cabinet Member to the revised agreement on car allowances dated 29th July 2009.

REASON WHY DECISION REQUIRED:

- (i) An agreement to alter the national conditions of service in relation to the payment of car allowances has been reached with the local trade unions and this needs formal ratification

RECOMMENDATION (S):

- (i) That the Agreement attached at Annex A is approved
- (ii) That authorisation is given to develop further proposals to produce more environmentally friendly and cost effective employee transport initiatives.

KEY DECISION: No

FORWARD PLAN: Not appropriate

IMPLEMENTATION DATE: Following the expiry of the "call-in" period for the Minutes of the meeting

ALTERNATIVE OPTIONS: None.

IMPLICATIONS:

Budget/Policy Framework: It is anticipated that changes agreed will realise savings for the Council. Savings will begin to occur in 2010 but will not be fully realised in terms of the Councils budget until 2012 with the removal of the top mileage band. Details of savings are attached at Annex C

Financial:

The proposed changes are expected to generate real cost savings over a number of financial years. However, given the current level of overspending on these budgets it is only anticipated that a real revenue budget saving will be generated in 2012/13 when the top rate allowance for casual users is removed. The saving in this year could be in the region of £36,000 rising to £132,000 from 2013/14 onwards assuming no increase in car usage.

CAPITAL EXPENDITURE	2009/ 2010 £	2010/ 2011 £	2011/ 2012 £	2012/ 2013 £
Gross Increase in Capital Expenditure				
Funded by:				
Sefton Capital Resources				
Specific Capital Resources				
REVENUE IMPLICATIONS				
Gross Increase in Revenue Expenditure				-36
Funded by:				
Sefton funded Resources				
Funded from External Resources				
Does the External Funding have an expiry date? When?				
Y/N				
How will the service be funded post expiry?				

Legal: None

Risk Assessment: This change has been agreed to by the trade unions, so risk of damage to employee relations is minimised. The financial projections are based upon the assumption that car usage will not increase over time. If car mileage claims increase the identified savings may not materialise.

Asset Management: None

CONSULTATION UNDERTAKEN/VIEWS:

FINANCE DIRECTOR – FD 174 The Finance and Information Services Director has been consulted and his comments have been incorporated into this report

CORPORATE OBJECTIVE MONITORING:

Corporate Objective		Positive Impact	Neutral Impact	Negative Impact
1	Creating a Learning Community		✓	
2	Creating Safe Communities		✓	
3	Jobs and Prosperity		✓	
4	Improving Health and Well-Being		✓	
5	Environmental Sustainability	✓		
6	Creating Inclusive Communities		✓	
7	Improving the Quality of Council Services and Strengthening local Democracy		✓	

8	Children and Young People		✓	
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LIST OF BACKGROUND PAPERS RELIED UPON IN THE PREPARATION OF THIS REPORT

None

A. Background

1. This matter was previously debated at the Cabinet Member meeting of 5th March 2008 when the following resolution was agreed: "That the proposals to restrict Departmental spending on car mileage for 2008/09 and to undertake a review of car user categorisation as detailed within the report be approved". This report outlines the outcome of the car user categorisation review and seeks approval of the negotiated agreement to amend this categorisation.
2. The review has been undertaken by a joint working group made up of Officers from the Personnel and Technical Services Departments and representatives from the local trade unions, who nominated UNISON to represent them.
3. The Cabinet Member will be aware that car allowances form part of the National Agreement on Pay and Conditions of Service, known as the 'Green Book'. Car allowances are a Part 3 provision in the Green Book, which means that 'they may be modified by local negotiation' (Part 1 PRINCIPLES). Car allowances are currently either essential where 'an employee's duties are of such a nature that it is essential for them to have a motor car at their disposal whenever required' or casual where 'it is desirable for an individual to have a car available when required'. Essential users receive a nationally agreed lump sum in addition to their mileage allowance, which is calculated according to the cubic capacity of their engine. Casual users receive an allowance for each mile they undertake on authorised council business.
4. The joint working group has met on a number of occasions and progress has been shared with the Joint Trade Union Forum and with trade union regional officers. The proposals emanating from the working group have also been the subject of consultation with Strategic and Service Directors.
5. Following the above discussions and consultation, an Agreement, which is attached at Annex A, was drawn up by representatives of the Personnel Department. This Agreement was signed by the trade Unions on 29th July 2009, and with the verbal agreement of the Cabinet Member was brought into effect on 1st September 2009. All users immediately affected by this agreement were written to, and a copy of this letter is included as Annex B for information. Details of the Agreement have also been widely publicised on the staff intranet system.

B. The Agreement

6. The effect of the Agreement is as follows:
 - To withdraw essential car user status to all qualifying employees on a phased basis
 - To redefine the contractual agreement to have a vehicle available for work
 - To remove the top casual car band from all employees from September 2012
 - To commit the Council and the Trade Unions to on-going discussions to produce more environmentally friendly and cost effective employee transport initiatives

7. Given that essential car allowances are part of the National Agreement, it is the view of your Officers that this Agreement is a significant achievement, and indeed one that is being strongly resisted by the Unions in other Authorities who are trying to achieve a similar outcome. The Unions should be applauded for the positive approach they have shown in this matter, which has not been without criticism from some of their members.
8. It is important that this Agreement is viewed as part of an ongoing process to achieve financial savings for the Council, as well as deliver more environmentally friendly transport arrangements for employees. The working group will continue to meet on a regular basis and will be exploring the possibility of increased use of low emission pool vehicles, and initiatives to encourage employees to make greater and more effective use of public transport. Further reports on these and related initiative will be reported to the Cabinet Member in due course.

C. FINANCIAL IMPLICATIONS

9. Annex C details the projected cost savings from the proposals. The proposals will produce savings for the Council in two stages. The removal of the essential lump sum allowance based upon 2008/09 data will produce expected cost savings of approximately £3,500, £97,000 and £119,000 in 2009/10, 2010/11 and 2011/12 respectively. The removal of the top rate casual car allowance in 2012/13 based upon 2008/09 data will produce an expected cost saving of £133,000 in 2012/13 increasing to £229,000 in 2013/14. These savings do not take into account any potential cost implications from continuing discussions surrounding the agreement, such as the use of pool vehicles.
10. Although the proposals are likely to generate real cost savings for the Council this will not necessarily translate into budget savings. In 2008/09 the Council significantly overspent its car allowance budgets and data produced for this report indicate a similar position for 2009/10. Extrapolating this overspend forward in comparison to the savings identified above show that a real budget saving of £36,000 may only begin to be generated in 2012/13, increasing to £132,000 in 2013/14. These car allowance budget savings should be considered in the context of the £125,000 budget savings already agreed during the 2008/09 budget process.

D. RECOMMENDATION

11. The Cabinet Member is requested to:
 - i) Formally approve the Agreement at Annex A
 - ii) Authorise further discussions to produce more environmentally friendly and cost effective employee transport initiatives.

